

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 22, 2010
POSITION: Oppose

BILL NUMBER: SB 959
AUTHOR: D. Ducheny

BILL SUMMARY: Development Projects: Planning

This bill, an urgency measure, would establish the Office of Permit Assistance (OPA) in the Governor's Office of Planning and Research (OPR). Among other things, the OPA would be required to:

- Provide guidelines and technical assistance to local government entities designed to expedite the development permit process;
- Provide information to developers assisting them through the permit process at the state and local level;
- Upon appropriation by the Legislature, provide grants and technical assistance to cities and counties for the establishment of an expedited development permit process;
- In consultation with the Natural Resources Agency and the California Environmental Protection Agency (CalEPA), develop a consolidated project information form to be used by developers.

FISCAL SUMMARY

This bill would result in increased workload and costs for the OPR, the Natural Resources Agency, the CalEPA, and other state entities issuing development permits. The total cost of this bill is unknown but expected to be significant. This bill does not provide an appropriation, therefore, even though it is an urgency measure, implementation would not normally occur until the Budget Act of 2011 is chaptered. Any requests for additional expenditure authority pursuant to this measure would be subject to review and approval through the annual budget process. See the Fiscal Analysis section of this document for more detail on costs.

This bill would authorize the OPA to charge applicants a fee for services relevant to the consolidated project information form, but it is unclear at this time whether the OPA could include costs from other state entities when determining the fee. Although charging a fee may allow the OPA to defray these costs, the additional fee would also be an increased burden on the developer which may deter its use. The measure does not specify which fund into which the potential fee would be deposited, therefore we would assume that the fee would be deposited into the General Fund to offset the increased budget appropriation that OPR would need in order to implement this measure.

This measure is keyed as a mandate, though the measure contains provisions authorizing local entities to charge a fee to recover the cost of implementing the measure.

COMMENTS

The Department of Finance is opposed to this bill because it would result in additional state costs which are not included in the Administration's fiscal plan. Furthermore, at a time when departments are experiencing budget reductions to existing programs, it may not be appropriate to create a new program.

(Continued)

Analyst/Principal (0212)	Date	Assistant Program Budget Manager	Date
-----------------------------	------	----------------------------------	------

Department Deputy Director	Date
----------------------------	------

Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
---------------	-----------------------------

D. Ducheny

June 22, 2010

SB 959

COMMENTS (cont.)

This bill would establish the OPA in the OPR. The OPA would provide guidelines and technical assistance to local government entities designed to expedite the development permit process. Additionally, the OPA would provide information to developers assisting them through the permit process at the state and local level. Finally, this bill would require the OPA to provide grants and technical assistance to cities and counties for the establishment of an expedited development permit process.

ANALYSIS**A. Programmatic Analysis**

This bill would establish the OPA in the OPR and would require the OPA to do the following:

- Provide information to developers explaining the permit process at the state and local level.
- Assist state and local entities in streamlining the development permit process.
- Resolve and mediate disputes arising from a development permit application.
- Develop guidelines providing technical assistance to local agencies for the establishment and operation of an expedited development permit process.
- Provide grants and technical assistance to cities and counties for the establishment of an expedited development permit process according to the guidelines.
- In consultation with the Natural Resources Agency and the California Environmental Protection Agency, develop a consolidated project information form to be used by applicants for development projects.

This bill would provide that the OPA guidelines are advisory in nature and would not result in a state-mandated local program because local governments would use them voluntarily. The OPA guidelines would be required to include the following:

- Provide for a single administrative entity in each city or county with a population of 100,000 or more to serve as the applicant's single point of contact during the permit process.
- Refer applicants to the appropriate local entity to resolve problems and fulfill requirements.
- Refer applicants to cities within the county which have review, comment, or conditional permit power.
- Assign the local agency's administrative entity to be responsible for guiding applicants through all local permitting requirements.
- Provide a consolidated project information form that contains the information required to successfully complete the permitting process at the state and local level.
- Provide a method for tracking the progress of permit applications.
- Provide a process for determining whether the consolidated project information form is complete upon submission.
- Timetables for action on specified types of permit applications.
- An expedited appeals process.
- Technical assistance for implementing guidelines.

B. Fiscal Analysis

The OPR indicates that implementation of this measure would necessitate the creation of five regional offices for the OPA, each staffed with a Senior Planner, a Planner, and an Administrative Assistant. The OPA would also require two additional Planners and an attorney. The annual cost for these positions is

(Continued)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

D. Ducheny

June 22, 2010

SB 959

Fiscal Analysis (cont.)

estimated to be \$1.5 million General Fund. The OPR did not provide a fiscal estimate for the OPA's operating expenses and equipment, but these costs would likely add an additional \$1-\$2 million to the total cost of the measure. As noted in the Fiscal Summary, any requests for additional expenditure authority would be subject to review and approval through the annual budget process.

To the extent that state agencies are required to respond to the consolidated project information form, there would be increased costs associated with this additional level of permit review. To the extent that no additional resources are available, this work would result in a redirection of resources from other high priority workload.

The CalEPA has indicated that the additional workload required to develop the consolidated project information form and subsequent agency permit review and response to this form would require \$170,000 General Fund annually and two program staff. The Natural Resources Agency did not provide a cost estimate for this provision, but we would expect a similar estimate to the CalEPA's.

The Department of Fish and Game (DFG) has indicated that it processes 8,000 development permit applications annually and that the additional workload required by this measure would require \$700,000 special fund (Fish and Game Preservation Fund) and seven program staff. We note that the Fish and Game Preservation Fund has a structural imbalance and cannot support additional workload at this time.

We would expect that other state entities issuing development permits, which have not provided fiscal estimates, would have a similar increase of costs associated with the consolidated project information form.

As noted in the Fiscal Summary, this measure would authorize the OPA to charge a fee to cover specified costs. Given the potential magnitude of the cost to implement this measure, the amount of the fee may deter developers from participating.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	Code
0540/Secy Nat Res	SO	No	C	\$170	C	\$170	C	\$170	0001
0555/Environ Prot	SO	No	C	\$170	C	\$170	C	\$170	0001
0650/OPR	SO	No	C	\$2,500 - 3,000	C	\$2,500 - 3,000	C	\$2,500 - 3,000	0001
3600/Dept FishGam	SO	No	C	\$700	C	\$700	C	\$700	0200
9901/Var Depts	SO	No		-----	See Fiscal Analysis -----				0001
1400/Serv to Publ	RV	No		-----	See Fiscal Summary -----				0001

<u>Fund Code</u>	<u>Title</u>
0001	General Fund
0200	Fish and Game Preservation Fund